#### MINUTES

## MONTANA SENATE 56th LEGISLATURE - REGULAR SESSION

#### COMMITTEE ON BUSINESS AND INDUSTRY

Call to Order: By CHAIRMAN JOHN HERTEL, on March 9, 1999 at 9:00 A.M., in Room 410 Capitol.

#### ROLL CALL

#### Members Present:

Sen. John Hertel, Chairman (R)

Sen. Mike Sprague, Vice Chairman (R)

Sen. Dale Berry (R)

Sen. Vicki Cocchiarella (D)

Sen. Bea McCarthy (D)

Sen. Glenn Roush (D)

Sen. Fred Thomas (R)

Members Excused: None.

Members Absent: None.

Staff Present: Bart Campbell, Legislative Branch

Mary Gay Wells, Committee Secretary

Please Note: These are summary minutes. Testimony and

discussion are paraphrased and condensed.

#### Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 100, 3/6/1999

HB 282, 3/6/1999

HB 512, 3/6/1999

Executive Action: HB 282; HB 512

{Tape : 1; Side : A; Approx. Time Counter : 0}

# HEARING ON HB 100

Sponsor: REP. BRUCE SIMON, HD 18, BILLINGS

Proponents: Frank Cote, Deputy Insurance Commissioner

Steve Turkewicz, MT Auto Dealers Assoc.

David Dennis, D. A. Davidson, Securities Industry

Assoc.

Mona Jamison, General Motors Corp.
Mary Allen, MT Medical Benefits Plan

Opponents: None

## Opening Statement by Sponsor:

REP. BRUCE SIMON, HD 18, BILLINGS. This will be a very short bill. This is truly a housekeeping bill from the State Auditor's Office. There are changes that need to made in statute because of changes in the federal laws, etc. The process that the Department goes through is putting together a proposal. This is then shared with all those in the industry and legal departments around the country. If anyone has a problem with the proposed changes, it gets pulled out of the bill. There is nothing in the bill that would be controversial. The next purpose of the bill concerns an accreditation standard that has to be met. By being accredited, the Department is able to examine Montana domiciled companies. Their examinations would be accepted across the nation. So if our Montana companies want to do business out of the state, they don't have to pay a separate examining fee in every state in which they would like to do business. This is important to Montana domiciled insurance companies. periodically, it is necessary to go through our statutes and clean them up.

#### Proponents' Testimony:

Frank Cote, Deputy Insurance Commissioner. I would like to announce that our Department has been accredited for another five years. I would like to address the amendments EXHIBIT (bus53a01). The amendments do two things. They correct a mistake that was done by the Legislative Services Division when they put an amendment in the House. The second thing is they correct a mistake that I made when I put an amendment together for the House. The bill is a bit different in that in past years we only included insurance code changes. This year we included the housekeeping measures of the securities department as well.

**Steve Turkewicz, MT Auto Dealers Assoc.** Our members are involved in credit insurance and a couple other products governed by the insurance commissioner. We appreciate this bill and ask for your support.

David Dennis, D. A. Davidson, Securities Industry Assoc. I have had my staff review the bill and I can testify that it is a housekeeping bill and does clarify some important sections of the advisory provisions of the securities laws. We urge your favorable consideration.

Mona Jamison, General Motors Corp. We support this bill, in particular Section 66 pertaining to service contracts. Thank you.

Mary Allen, MT Medical Benefits Plan. We support this bill with the amendments. Thank you.

{Tape : 1; Side : A; Approx. Time Counter : 5.4}

Opponents' Testimony: None

## Questions from Committee Members and Responses:

SEN. MIKE SPRAGUE asked Frank Cote about the National Automobile Dealers Assoc. (NADA) Official Used Car Guide and would it will be used for appraisal purposes for replacement value. When the NADA book is used for replacement value, is the wholesale loan value considered. Mr. Cote replied that particular amendment came about in the House. In 1995 Legislative Session, Senator Holden proposed a bill that allowed adjustors to use Blue Book value when determining a total vehicle loss. If the consumer agreed to the Blue Book value, they can use essentially whatever they want, wholesale or whatever. If the consumer doesn't agree, then a market exam has to be conducted to see what that vehicle is Unfortunately, when Senator Holden's bill was passed, he had referenced a section of code entitled 61 and in the same session, Section 61 was repealed. The bill said you can use the Blue Book value as is stated in Section 61, but there was no title 61 section. That was brought to our attention after the bill had been introduced an amendment to put in the Blue Book so what Senator Holden wanted accomplished could be accomplished. In essence, the consumer and insurance company would have to agree on the Blue Book value. If not, a market survey would have to be done. If an automobile is of vintage age, the consumer would have to work with the adjuster to assess the value. This amendment will in no way affect the relationship of consumer and adjuster other than to make it easier for some consumers to get a check right away if they agree with the insurance company and the Blue Book value that they are offering. Senator Holden wanted the adjuster to be able to negotiate with the consumer. If they agree, the adjuster could write them a check right then and there. Under previous law, the insurance company and the adjuster were required to get a market survey valuation before

they could make an offer to the customer. It could take a couple of weeks for the consumer to get paid. Therefore the process could be simplified.

{Tape : 1; Side : A; Approx. Time Counter : 10.1}

#### Closing by Sponsor:

**REP. SIMON** closed. I will be brief. This bill laid on the table in the House Business & Labor Committee until the mid-term break for the reason that I wanted all the interested parties to have an opportunity to give their input into the bill. I would appreciate a Do Concur.

{Tape : 1; Side : A; Approx. Time Counter : 11.1}

#### HEARING ON HB 512

Sponsor: REP. LOREN SOFT, HD 12, BILLINGS

Proponents: Joan Cassidy, MT Addiction Service Providers

Rod Robinson, MASP Roger Curtis, MASP

Candace Payne, Rimrock Foundation

Sami Butler, MT Nurses Assoc.

Claudia Clifford, Health Policy Specialist,

Insurance Department, State Auditor Susan Witte, Blue Cross/Blue Shield

John Flint, MT Hospital Assoc.

Mona Jamison, MT Addiction Service Providers

Page Dringman, Health Insurance Industry of America

Tom Ebzery, Yellowstone Community Health Plan

Opponents: Ed Grogan, MT Medical Plan, Kalispell

#### Opening Statement by Sponsor:

REP. LOREN SOFT, HD 12, BILLINGS. I bring you HB 512 which revises insurance benefits for chemical dependency treatment. This legislation came about as a result of much work during the interim. There were a number of service providers, i.e. addiction service providers, Blue Cross-Blue Shield, etc. involved. The Insurance Commissioner's office acted as the facilitator for the entire process. Not everyone has agreed, but there has been a good consensus. The goals of the bill are fourfold. The first is to basically increase the mandatory benefits for inpatient/outpatient chemical dependency treatment services

and also increase the lifetime benefits. The rates for C-D treatments have not changed since 1985. The second goal is to provide flexible (flex) benefits. I feel this is probably the most important part of the bill. This allows the annual benefits amount to include both inpatient and outpatient treatment and services. Currently, the statute references both time and dollar limitations on inpatient services. The flex benefit allows for a more precise application of the treatment services and will match the individual patient's needs. There are several steps in the process of C-D treatment. It ranges from detoxification to inpatient to intensive outpatient treatment. This benefit allows the patient to be moved in and out of those treatments when the primary care provider determines the best plan for the patient. The third goal is that it moves the cost of medical detoxification treatment, which is currently under the inpatient benefits category, to the regular medical benefit plan of an insurance policy. The fourth goal amends the definition of inpatient benefits, as recognized the American Society of Addictive Medicine, to read, inpatient benefits are those benefits which are "medically monitored and medically managed intensive inpatient services and clinically high intensity residential services". We put an effective date on this bill of January 1, 2000 to allow the necessary changes in the various insurance policies.

## <u>Proponents' Testimony</u>:

Joan Cassidy, President, MT Addiction Service Providers. For your information, MASP is the association that represents 20 state approved chemical dependency programs. Fifteen of these are outpatient programs and five are inpatient programs. I also speak as Director of a state approved program in Butte and as a certified chemical dependency counselor. House Bill 512 is an exciting approach. Many hours were put into the bill. First, it was necessary to have an increase in benefits for services provided. I am very pleased with the final product. The key benefit to me is the flex benefit. It is a new approach to both the insurance company and medical service industry. The flex benefit will give those individuals who are in need of C-D treatment the level of care that is most appropriate for them. The increase was a positive factor for the C-D providers but the most important was the flex concept. This will benefit the consumer greatly. I urge you pass HB 512.

Rod Robinson, Executive Director, Daily Recovery Center and member of MASP. The most important is to note that in the last five years the field of C-D treatment has gone through great changes in terms of creating a continuum of care that meets the

patients needs. It is the least restrictive and the least costly and the most effective in terms of outcomes. Studies are bearing that out. The next step is to have a benefit that will follow the patient through their needs and their care. We have seven clinical criteria via the American Society of Addiction Medicine that guide us. It has created a quality service structure and an effective structure in terms of the long term outcome. This has all created a savings to the patients as well as to the insurance companies. We urge a Do Pass. Thank you.

#### {Tape : 1; Side : A; Approx. Time Counter : 20.2}

Roger Curtis, Executive Director, Alcohol & Drug Services, Bozeman and member of MASP. I have 20 years of experience. I would like to speak to what I feel is an important aspect of this bill. The previous insurance systems that we have used have limited the chemically dependent, alcoholics, drug addicts, etc. from getting the type of treatment they need. This bill will help this aspect. It will also save health care dollars. I urge you to pass this bill.

Candace Payne, Rimrock Foundation. Mona Summer is the Chief Operations Office of Rimrock and she could not be here today and I would like to read her testimony and hand it in for the record. EXHIBIT (bus53a02).

Sami Butler, Executive Director, MT Nurses Assoc. We think this is a good bill. The flex benefits are good and the bill will be cost effective. Any treatment that is more personalized is good for the patient. We hope you will pass the bill. Thank you.

Claudia Clifford, Health Policy Specialist, Insurance Department, State Auditor. I facilitated these meetings and at times thought we were going nowhere. But all the parties involved stuck with the task at hand and I thank them. The current law is more than fifteen years old and it doesn't reflect the availability of services and the flexibility that is necessary for patients now in their care. The structure of payment by insurance companies was almost influencing the outcome. This is a better structure. The bill may not be perfect but it has been negotiated and most parties agreed to the bill.

Susan Witte, Blue Cross-Blue Shield. We worked hard on this bill to better serve our clients who need these services. We learned a great deal. The compromise that is in front of you represents the dollar amounts that Blue Cross proposed and strongly supports. Thank you.

John Flint, MT Hospital Assoc. We were bit players in the development of this bill. Several of our members provide inpatient services and we are in agreement that the time has come to change the mandated benefits and also, to make it more flexible to fit the patients' needs. We encourage you to support this bill.

Mona Jamison, MT Addiction Service Providers. We urge you, the committee, to appreciate the effort that has gone into this bill. At times we thought the negotiations were over, but we all kept coming back and tried again. We truly appreciate everyone's efforts. The bill focuses on two things: the benefits structure and the level of benefits. The amounts were Blue Cross' proposal. We ultimately supported those. This flex benefit is a structure of reimbursement of the delivery of services that provides better service at lower costs. The current structure says \$4000 for inpatient and a lifetime maximum. This bill says the benefits for a year may be inpatient and outpatient and will be \$6000. This sets up a mechanism for the continuum of the outpatient services to be provided as opposed to locking people into the higher end of inpatient service. The insurance companies that supported this believed that the flex nature of that benefit would mean more outpatient services within the \$6000 and would be more efficient for them than inpatient services only. We urge your support of this bill.

Page Dringman, Health Insurance Industry of America. We did participate in the negotiations and think the flex plan is good and hopefully the costs can be reduced down the road. We encourage you to support the bill.

Tom Ebzery, Attorney, Yellowstone Community Health Plan. We also participated in the discussions. It was a good collaborative process. The flex plan is innovative and will give assistance to where it is needed the most. We support the bill.

#### Opponents' Testimony:

Ed Grogan, MT Medical Benefit Plan, Kalispell. We come today only because of what we consider to be an increase in cost. We don't know at what point the straw breaks the camel's back, but this will be one more straw that will be added to the increased costs of health insurance coverage. It was mentioned earlier that most people in the state use managed care. I assume that includes Magellan. And no one is very happy about that agreement. They are a managed care company and were going to save Medicaid a lot of money. They only have created a lot of confusion and mess along the way. Managed care may or may not be the answer. We did participate in these negotiations. One of

our primary objections is the elimination of the cost of detoxification treatment and have it stand alone, subject only to the \$1 or \$2 million lifetime maximum. This could have a catastrophic effect on the actual cost. I was at a board meeting of the MCHA, the Montana Comprehensive Health Association, and I brought this subject up to the board and asked what they thought the cost would be. One of the members of the board who was on the phone, Bill Jensen, said that it would roughly double the cost of present care for chemical abuse. I then asked if he had included the cost of detoxification and he said "no". Detoxification is approximately \$1100 a day. A patient can be in detoxification until such time as the doctor feels the patient is well enough to come out into the public. This could triple or quadruple the cost. My objection is primarily taking detoxification out and making it stand alone. If it would be included in the \$6000 12-month benefit, then we would drop our objection to the bill.

{Tape : 1; Side : A; Approx. Time Counter : 39.1}

## Questions from Committee Members and Responses:

SEN. BEA MCCARTHY asked Chuck Butler, Blue Cross-Blue Shield, the rationale for making the detoxification stand alone. Mr. Butler said his company felt it made sense to have detoxification separate. These services are provided under the medical benefit plans and from that standpoint it makes more sense to have them separated. His company was the one which suggested this. MCCARTHY said that detoxification could run \$10,000 to \$12,000 alone depending on the individual and could be needed more than one time a year. That would totally wipe out the rest of the benefits. Was that the premise BC-BS were working from? Butler said that was only partially the reason. Since his company views alcohol addiction to be a medical problem, then detoxification would fall under the medical benefits part (acute care benefit) of the plan. It is possible that a person would need detoxification more than once a year just as a person might need hospitalization more than once a year for pneumonia. Therefore, it does not eat up the entire \$6000 benefit.

SEN. MCCARTHY asked Ms. Clifford to look on page 3, line 10. The bill is effective on January 1, 2000. But this particular section is effective on October 1, 2001. What is the rationale behind these two different dates. Ms. Clifford said that this is in current code and the reason why this structure is in the bill is the code is laid out as a temporary code under 703, page 1. There is a provision in there that was adopted last session that phases out after September 30, 2001. On page 3, the code is repeated with the deletion of a different topic. It has to do

with mental health care benefits. The bill is amending the current law and the law that will take effect in 2001.

SEN. GLENN ROUSH asked Ms. Clifford to look on page 3, subsection 3. This bill at the present time would exclude small market groups. Are small groups going to be covered after 2001. Mr. Clifford said this has to do with the provision that was referred to in her answer to SEN. MACARTHY'S question. It has to do with the mental health benefit and that mental health benefit does not affect small group. At issue here is the chemical dependency benefit which is separate.

## {Tape : 1; Side : B; Approx. Time Counter : 0}

Tape 1, Side B did not record at all. The tape twisted at approximately 13.0 minutes and a new tape ( Tape 2) was inserted. The following is a partial reconstruction of the untaped minutes.

SEN. SPRAGUE asked Ms. Clifford a question.

**SEN. HERTEL** asked **Mona Jamison** if she felt that the separation of the detoxification program would increase health insurance costs.

SEN. HERTEL asked Ed Grogan a question.

#### Closing by Sponsor:

REP. SOFT closed. In closing, HB 512 helps to ensure the clients will receive the appropriate level of treatment at the time it is needed and for the appropriate length of time. This is made possible as a result of the provision for flex benefits. It allows for the clients to move through the continuum of treatment from detoxification to outpatient treatment effectively and efficiently. Thank you for a good hearing and I would urge for your approval of HB 512. SEN. CHRIS CHRISTAENS will carry the bill to the Senate Floor.

#### HEARING ON HB 282

Sponsor: REP. ROYAL JOHNSON, HD 10, BILLINGS

Proponents: Pat Haffey, Commissioner, Department of Labor and

Industry

Lance Melton, MT School Board Assoc.

Tom Bovington, Concentric Systems, Inc., Helena

Jim Nys, Professional Personnel Officers

Sue Mohr, Executive Director, MT Job Training Partnership Gloria Palatichuk, City of Glendive

Phil Campbell, MEA/MFT

Penny McElroy, MT Power Co.

Rick Hutchinson, Hutchinson Electric, Great Falls Joyce Barnes, Maximus

Susan Ferris, Cullener & Ferris Assoc., Flathead Valley.

Patrick Montalban, Northern Montana Oil & Gas Industry, Cut Bank

Ken Switzer, Martel Construction

Kathleen Fleury, Tribal Attorney, Blackfeet Tribal Government

Opponents: None

## Opening Statement by Sponsor:

REP. ROYAL JOHNSON, HD 10, BILLINGS. The bill is titled "An act reallocating tax rates and revenue collected from employers to fund the Employment Security Account and to maintain local delivery of employment services; increasing the tax rate on taxable wages for experience-rated employers from 0.1 percent to 0.13 percent; changing the rounding calculation of the tax rate for an employer who has failed to file payroll reports from the nearest one-tenth of 1 percent to the nearest one-hundredth of 1 percent; decreasing the unemployment insurance tax rate on taxable wages for experience-rated employers by 0.03 percent; amending sections 39-51-404, 39-51-409, 39-51,1213, and 39-51-1218, MCA; and providing a delayed applicability date."

REP. JOHNSON introduced a fact sheet EXHIBIT (bus53a03) and two amendments EXHIBIT (bus53a04).

#### Proponents' Testimony:

Pat Haffey, Commissioner, Department of Labor & Industry. She gave her testimony and handed in a booklet EXHIBIT (bus53a05).

{Tape : 1; Side : B; Approx. Time Counter : 3}

Lance Melton, General Counsel,MT School Board Assoc. Rural school districts make great use of the Job Service programs. Our larger school districts do as well. There is an aspect of the program that would probably be considered one of the most discretionary, if this bill were not to pass, that we find most valuable. That is the mediation process. The Dept. of Labor & Industry provides mediating services for school districts and

other employers that are in the process of labor disputes. This is a valuable process. It helps bring our school districts and labor unions together on issues that could otherwise end up in a strike. We urge your concurrence in the bill.

Tom Bovington, President, Concentric Systems, Inc., Helena. We manufacture packaged sewage treatment plants. It is a national market for this product. My previous experience with the Helena Job Service is that they completely served my needs. I didn't have the time to develop that knowledge without talking with them. Now that our business is expanding I will need more employees soon and I need help in this. They have served me very well. Please support this bill.

Jim Nys, Professional Personnel Officers. This is one bill that our membership supports very strongly. It provides many necessary services that help both employers and employees. We need to adequately fund these services. We urge your support.

Sue Mohr, Executive Director, MT Job Training Partnership. We are a non-profit organization based in Helena but we staff two private industry councils. The 46 county Balance of State Council which is primarily composed of private sector business people as well as other people voted to support this legislation. They provide federal grants through the U.S. Department of Labor for Job Training programs, but grants do not go far enough. We look for and support our other grants that help keep these offices going. Rural job service offices are supported by us in our programs, but they are only one piece of the funding puzzle. The rest comes from grants or funding sources such as this. These things come together and provide excellent services for workforce development programs across the state.

Gloria Platichuk, Richland Economic Development and City of Glendive. We strongly support HB 282. The eastern Montana communities need the Job Service programs. It is critical to our small businesses. This also includes the seasonal workers of which our county has many. Rural Montana has no access to private services. There is no population base to support them. The Job Service plays an important role in the success of our welfare to work program and our school to work program. We urge you to pass this bill. I also have written testimony EXHIBIT (bus53a06) from William Barr, Executive Director, Richland Economic Development.

Phil Campbell, MEA, MFT. We are in support of HB 282. The Department of Labor & Industry, through its support personnel appeals, serves many of our needs. The mediation services are needed. They provide lists of arbitrators and answer many

questions on wages. The funding is necessary to keep these services continuing. Thank you for your consideration.

Penny McElroy, MPC. Currently the local Job Services throughout the state help us with all phases of employment. More importantly, they help us to meet both our affirmative action goals and our equal opportunity commitment required by the federal government. We need to keep the Job Services in our local communities and I urge your support.

Rick Hutchinson, Hutchinson Electric, Great Falls. We have six employees and we are very active with the apprenticeship program. This program receives its funding from the Employment Security Account (ESA). It is coming to a shortfall and we are worried about cuts in the industry. We have two representatives who travel the whole State of Montana and are responsible for the apprenticeship program. These two individuals meet with each of the people involved in the program and they are there to make sure that construction workers of tomorrow have qualified people. Without this funding I don't believe we can continue as a company to operate our apprenticeship program; and the program as a whole won't be able to be operated in a manner that it has been in the past. I urge you pass HS 282.

# {Tape : 1; Side : B; Approx. Time Counter : 9.5}

Joyce Barnes, Manager, Maximus. We contract to provide a centralized customer service for an agency within the State of Montana. Our operation has benefitted significantly by the services offered by the Helena Job Service center. Sixty percent of our employees were referred by one of their employment consultants. Recently, we were fortunate to work with one of the employer advisers. Because of the cost in both time and money, training new hires, we were concerned with the turnover rates with two positions within our office. In our discussions with the employment consultant, we learned that the Helena Job Service employed advisors who could provide an analysis of the employees recruitment, hiring and training process. In other words, they could be an objective trouble shooter to identify where the trainees required improvement. Through the extensive input of the Job Service advisor, we have an excellent screening and interviewing procedure in place. This has resulted in getting the most qualified candidates in our door. Additionally, the valuable commodity of time for interviewing has been cut. I strongly urge the passage of HS 282.

Susan Ferris, Cullener & Ferris Assoc., Flathead Valley. We provide consulting, training, and public service speaking services across Montana. I contract with businesses both large and small to

assist them with human resource needs. I have an interesting view of how much they and I value all the services provided by the Job Service. I would also like to mention that I am a strong proponent of private sector business and of smaller government. Reducing the Job Service is not something that is a strong factor to the support of the well-being of the State of Montana business economy. I hope that you will consider keeping the funding at its current level. There are many private placement agencies that are functioning very well and are not in direct competition with the Job Service. They work and complement the Job Service. I urge you to support HS 282.

Patrick Montalban, Northern Montana Oil & Gas Industry, Cut Bank. We never thought we would be standing in support of more government spending. But I believe that the Job Service function is a very positive factor for our smaller communities like Cut Bank. We feel workers, who are seasonal workers, can get jobs very well through Job Service. We also have had good experience hiring secretaries through the Job Service. They were very qualified. Last but not least, we don't want to lose any more jobs in Cut Bank!! We support HB 282 and urge you to support it also.

Ken Switzer, Martel Construction. We have offices in Bozeman and Big Fork. We have been in business since the late 1950's as a general contractor in Montana. Last year we cut pay checks to about 340 Montanans. I, too, am not in favor of big government. The apprenticeship and training committee and the Department has done an outstanding job of training and helping us train young Montanans to be carpenters in the industry. We pay most of their bill anyway. They just provide the oversight and make sure we are doing the job right. We support the bill.

Kathryn Fern, Tribal Attorney, Blackfeet Tribal Government. We support HB 282. The Blackfeet Tribe has 15,000 enrolled members. Ninety-five percent reside within the reservation. It is the largest land-based tribe in Montana. Fifty percent of the people who live on the reservation are under the national poverty level. The tribe is in the process of deciding whether they will contract with the State of Montana on their welfare to work program. The Job Service is critical to their proceeding to the program. The Job Service in Cut Bank provides service one day a week which is not enough. We have a Tribal Employees Rights Office. We provide office space for that person who is a tribal member to meet with tribal members who are seeking jobs. One day a week isn't enough but we don't want to lose that and so fully support the Job Service provides and urge that you pass this bill.

Opponents' Testimony: None

{Tape : 1; Side : B; Approx. Time Counter : 16.9}

## Questions from Committee Members and Responses:

SEN. MIKE SPRAGUE asked REP. JOHNSON if the reason for the funding shortfall is because the federal government has not paid their fair share or didn't come up with money that was promised. JOHNSON said he didn't think these were the reasons for the The reason is the scope of the operations of the shortfall. business administration has expanded to where you see how well they have performed in Montana. During that period of time, money has been taken out of this fund for other purposes. The employers said they have put the money in and they would like to leave it in for That money could not be made up, so now with this purpose. whatever expanded operations are in Job Service, there is not enough money to fund everything. SEN. SPRAGUE asked why NFIB and Chamber of Commerce, etc. are not here in support or opposition? REP. JOHNSON said that at the House hearing there was support from the Chamber of Commerce, but he did have a tremendous number of letters that they had received from various local businesses around the state in support of the bill. They were all very supportive.

SEN. GLENN ROUSH asked Pat Haffey what her explanation about how this is funded and who is paying the tax. He had attended a meeting in Cut Bank and there was a concern about the Department taking this money and raising the fund of 0.10 to 0.13 without some kind of consultation of the members who were paying into that. Does the Department have some kind of an advisory council? Commissioner Haffey said that they were indeed concerned. a concern about actions that had taken place in the past. She felt the committee is the legislature. Her Department should be answerable to the legislature and to employers throughout the state. Each Job Service office does have a Job Service Employers This was to make sure that they were performing the services that employers wanted. This should be the first avenue of Then they have made the commitment, that with the adjustment increased, every two years the Department should come back and tell the legislature what they are doing. She wanted to also inform the committee that Gordon Morris, MT Assoc. of Counties, wanted to be recognized as being fully in support of this Also, Chris Gallus, MT Chamber of Commerce, wanted the committee to be aware that they were in support of this bill.

SEN. VICKI COCCHIARELLA asked Pat Haffey if the ABC Clinic is part of this. Is the Department of Labor the oversight arm of the apprenticeship training program and does the Department help with the other side, the Office of Public Instruction? Ms. Haffey said that finally, this year the Department is hoping that the whole package will be put into the Department of Labor & Industry. What has happened in the past is that the Department has the responsibility for the administration or oversight of the

apprenticeship program. But the employment and training area has been located in different agencies over the years. Once it was in the Office of Public Instruction. Last time it was moved to the Department of Commerce and was funded with some building codes money that they knew was one-time money. This year her Department has made the request for that money to be in their account. However, at the same time, there is a funding piece in the Jobs and Income Program in SB 252. As her Department had moved through the HB 2 hearing, their budget committee made the motion that they would not receive General Fund money for that employment and training and that it should be pursued through the Jobs and Income Program. They are anxious about that and hope that will come together and they can administer the program out of their agency.

## {Tape : 1; Side : B; Approx. Time Counter : 23.4}

**SEN. SPRAGUE** asked if any background checks were done for certain kinds of employment? **Wendy Keating, Administrator, Job Service Division,** said they do not do security checks. They encourage employers to do this checking. They only job match--qualifications to an employers requirements. If an employer wants that value enhanced service, they can go to a private agency.

SEN. ROUSH asked Ms. Keating if her Department worked with the Correctional System to know who gets out of boot camps or prisons and to help them find employment. Ms. Keating said that "yes" they do. In some communities where there may be a correctional facility, they work very closely with the local people to help provide jobs for people who are preparing for release. Their people in Miles City works with Pine Hills. It is a requirement of the Corrections System that when a felon is released the employer must be advised that they are an ex-felon. It is part of the probation and parole guidelines.

**SEN. COCCHIARELLA** asked **Ms. Haffey** if the Department has saved money from their phone-in services and shutting down services, etc. **Ms. Haffey** said they are more efficient and would get the Senator more information.

#### Closing by Sponsor:

REP. JOHNSON closed. SEN. MCNUTT said that he would carry the bill on the Senate Floor. I hope since you, as a committee, could help on questions that may arise on the Floor. I would like to say that employers and employees as of January 1, 1999 were relieved of a \$50 million tax from the Old Fund Liability Tax.

{Tape : 1; Side : B; Approx. Time Counter : 32.5}

#### EXECUTIVE ACTION ON HB 512

Motion/Vote: SEN. MCCARTHY moved that HB 512 BE CONCURRED IN.
Motion carried unanimously. 7-0

SEN. CHRISTEANS will carry the bill on the Senate Floor.

## EXECUTIVE ACTION ON HB 282

Motion: SEN. MCCARTHY moved that HB 282 BE CONCURRED IN.

<u>Discussion</u>: <u>Motion</u>: SEN. MCCARTHY moved that HB 282 BE AMENDED HB028201.abc.

<u>Discussion</u>: Bart Campbell, Legislative Assistant, explained that the first amendment deleted the contingent voidness provision. The second amendment deleted section 6 in its entirety.

Vote: Motion that HB 282 BE AMENDED carried unanimously. 7-0

Motion/Vote: SEN. MCCARTHY moved that HB 282 BE CONCURRED IN AS
AMENDED. Motion carried unanimously. 7-0

SEN. MCNUTT will carry the bill on the Senate Floor.

# **ADJOURNMENT**

Adjournment:	11:10 A	. M.					
				SEN.	JOHN	HERTEL,	Chairman
				MARY	Y GAY	WELLS,	Secretary

JH/MGW

**EXHIBIT** (bus53aad)